

1 John R. Clemency (Bar No. 009646)
2 Julie Rystad (Bar No. 019978)
3 GALLAGHER & KENNEDY, P.A.
4 2575 East Camelback Road
5 Phoenix, Arizona 85016-9225
6 Telephone: (602) 530-8000
7 Facsimile: (602) 530-8500
8 Email: john.clemency@gknet.com

9 *Proposed Attorneys for Taylor & Bishop, LLC*

10 **IN THE UNITED STATES BANKRUPTCY COURT**
11 **FOR THE DISTRICT OF ARIZONA**

12 In re:

13 **TAYLOR & BISHOP, LLC,**

14 Debtor.

Case No. 2:10-bk-32563

In Proceedings Under Chapter 11

**DECLARATION OF THOMAS
O'MALLEY IN SUPPORT OF
DEBTOR'S CHAPTER 11 CASE**

15 This Omnibus Declaration is filed by Thomas O'Malley on behalf of Taylor &
16 Bishop, LLC (the "Debtor" or "T&B"). This Omnibus Declaration is filed in connection
17 with the voluntary Chapter 11 bankruptcy case of the Debtor.

18 I, Thomas O'Malley, declare as follows under penalty of perjury:

19 **Introduction**

20 1. I am over 18 years of age, and I am competent and authorized to make this
21 Declaration on behalf of T&B.

22 2. I am an authorized agent of T&B and am familiar with all aspects of the
23 day-to-day operations, business affairs, and books and records of the Debtor.

24 3. On October 8, 2010 (the "Filing Date"), T&B filed a voluntary petition in
25 this Court for reorganization relief under Chapter 11 of Title 11 of the United States
26 Code, 11 U.S.C. §§ 101-1330, as amended (the "Bankruptcy Code"). T&B continues to

1 operate its business and manage its property as a debtor-in-possession pursuant to
2 sections 1107 and 1108 of the Bankruptcy Code.

3 4. To enable T&B to operate more effectively and avoid the adverse effects of
4 the Chapter 11 filing, various types of relief are requested in the Motions filed with the
5 Court along with this Omnibus Declaration (the "Motions").

6 5. I submit this Omnibus Declaration in support of the Motions and the
7 voluntary petition filed by the Debtor under Chapter 11 of the Bankruptcy Code. Except
8 as otherwise indicated, all facts set forth in this Omnibus Declaration are based on my
9 personal knowledge, my review of relevant documents, or my opinion, which is based on
10 my experience with and knowledge of the operations and financial condition of T&B. If
11 called upon to testify, I would and could testify competently to the facts set forth herein.

12 **Background on the Debtor**

13 6. Taylor & Bishop, LLC ("T&B"), an Illinois limited liability company, was
14 formed in 2007 solely for the purpose of owning and maintaining the real property
15 located at 1431 West Taylor Street, Chicago, Illinois (the "Building"), and the parking lot
16 adjacent to the Building (the "Parking Lot"), in order to house the National Italian
17 American Sports Hall of Fame (the "HOF"). The Building features a vast collection of
18 memorabilia related to Italian-American athletes (the "Memorabilia") owned by T&B.

19 7. T&B's principal place of business, as stated in its operating agreement, is in
20 Phoenix, Arizona.

21 8. On September 13, 2002, Bridgeview Bank Group ("Bridgeview"), T&B's
22 largest creditor, commissioned an appraisal of the Building and the Parking Lot that
23 reflected a value of \$6,350,000 "As Is". The appraisal further reflected that the real
24 estate had an anticipated value of \$12,250,000 as of September 13, 2003, once the
25 construction of the Building and the Parking lot had reached completion.
26

1 9. T&B is informed that, in 2008, Bridgeview commissioned a second
2 appraisal of the Building and the Parking lot, which appraisal concluded a value of
3 approximately \$10,000,000.

4 10. On October 15, 2000, an appraisal conducted by the Sports Collectors Store
5 determined the value of the Memorabilia to be \$6,799,097. T&B is informed that a more
6 recent appraisal values the Memorabilia at closer to \$5,000,000.

7 11. Although the Debtor was organized as a LLC, it operates for all practical
8 purposes much like a non-profit company. Unlike most companies, T&B was not
9 organized to be a profit-driven entity. Rather, T&B was created by sports enthusiasts to
10 help the HOF, a non-profit group when it began struggling financially. T&B's
11 acquisition of the Building, Parking Lot, and Memorabilia was done in an effort to help
12 the HOF clear some financial burdens from its books by transferring both assets and debt
13 to T&B. The Building and Memorabilia was then leased back to the HOF in order to
14 help the non-profit group continue to pay tribute to Italian-American athletes and raise
15 money for scholarships and other charitable causes.

16 12. T&B was funded by members who believed in the Debtor's cause to
17 support the HOF. A primary purpose of the organization was to donate some or all of its
18 property to non-profit organizations, including the HOF. Accordingly, these initial
19 contributions and promises of future monetary commitments, or "subscription
20 agreements," were tantamount to charitable donations as opposed to commercial
21 obligations.

22 **Events Leading up to the Bankruptcy Filings and Principal Indebtedness**

23 13. Like many businesses in the country, T&B has suffered significantly as a
24 result of the credit crisis and the economic recession that has gripped the nation for at
25 least the past few years. T&B's tenant, the HOF, failed pay its rent, and a majority of
26 T&B's membership subscribers were unable to make their annual contributions. As a

1 consequence, T&B's cash flow was not sufficient to service all of its financial
2 obligations.

3 The Debt to Bridgeview

4 14. Bridgeview, an Illinois banking corporation, is T&B's largest creditor.
5 T&B believes Bridgeview will claim a secured interest in the Building, the Parking Lot
6 and the Memorabilia it houses.¹

7 15. As of July 14, 2010, Bridgeview claims that T&B owes an aggregate
8 amount of \$9,461,769.67, consisting of: (i) \$8,329,344.66 on the Term A Loan (including
9 a \$150 Document Release Fee); (ii) \$707,083.89 on the Term B Loan (including a \$150
10 Document Release Fee); (iii) \$365,344.12 on the Term C Loan (including a \$150
11 Document Release Fee); and (iv) default interest from and after July 14, 2010 along with
12 attorneys' fees, expenses and costs of collection efforts.

13 16. Loan A had an original maturity date of April 30, 2018, Loan B had an
14 original maturity date of April 30, 2016, and Loan C had an original maturity date of
15 April 30, 2018. On January 1, 2010, the Loans were modified, moving the maturity dates
16 up to July 5, 2010. Unfortunately, T&B was unable to meet its accelerated matured debt
17 payment obligations, and Bridgeview has been unwilling to extend the loans without
18 including burdensome terms.

19 17. On July 27, 2010, Bridgeview initiated collection efforts against T&B for
20 the amount it claims is due and owing under the abovementioned loans (the "Foreclosure
21 Suit" and the "Replevin Suit"). The Foreclosure Suit demands the entry of a judgment of
22 foreclosure and sale of the Building and the Parking Lot, and a money judgment for any
23 deficiency against T&B. The Replevin Suit demands possession of the Memorabilia
24 currently in possession of the HOF. The Debtor has filed for Chapter 11 relief to avoid
25

26 ¹ T&B believes that Bridgeview may have some defects in the documents that would be
used to establish a lien against the T&B assets. Thus, T&B reserves its right to challenge
any lien claim asserted by Bridgeview in the case.

1 the loss of its assets through the Foreclosure Suit and the Replevin Suit through a
2 restructure of the Bridgeview debt and other debt. T&B expects to file and confirm a
3 plan of reorganization (the "Plan") within the exclusivity period provided under the
4 Bankruptcy Code.

5 The Debt to Lancelot Lending, LLC

6 18. T&B also entered into a loan agreement with Lancelot Lending, LLC, for
7 \$500,000.00 (the "500K Loan") that is due and payable on April 4, 2011. Proceeds of the
8 500K Loan will be used in part to fund payments that will be made under the T&B Plan.

9 19. In addition to the debt claimed by Bridgeview and Lancelot Lending, LLC,
10 T&B has unsecured debt owing to certain vendors and professionals.

11 The Motions

12 20. In order to effectively reorganize, T&B will need (among other things): (i)
13 authorization to hire Gallagher & Kennedy, P.A. (G&K) as general bankruptcy counsel;
14 (ii) authorization to hire MCA Financial Group, Ltd. ("MCA") as its financial advisor;
15 and (iii) other interim relief typical of a Chapter 11 debtor-in-possession. Accordingly,
16 T&B has filed, for the Court's approval, the *Application For An Order Under 11 U.S.C.*
17 *327(a) Authorizing The Employment of Gallagher & Kennedy, P.A. as General Counsel*
18 *To The Debtor* (the "G&K Employment Application"), and the *Application For An Order*
19 *Authorizing The Employment of MCA as Financial Advisor To The Debtor* (the "MCA
20 Employment Application") (collectively, the "Motions"). The Motions are necessary to
21 enable T&B to operate in Chapter 11 with a minimum disruption and loss of productivity.
22 T&B respectfully requests that each of the Motions be granted as a critical element in
23 achieving maximization of the estate.
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ADT Security Services
1815 Glenview Road
Glenview IL 60025-2909

Alarms Unlimited
6501 N. Lincoln Avenue
Lincolnwood IL 60712-3925

American Combustion Services
19325 S. Schoolhouse Road
Mokena IL 60448-1560

Anthony Ferraro
24 Mt. Hope Street
Pittsburgh PA 15223-1859

Arizona Department of Revenue
1600 W. Monroe
Phoenix AZ 85007-2650

Art Martori
7332 Butherus
Scottsdale AZ 85260-2426

Aurora Tristate Fire Protection
1080 Corporate Boulevard
Aurora IL 60502-9178

Belcore Electric
1600 Main Street
Melrose Park IL 60160-3896

Bridgeview Bank Group
7940 S. Harlem Avenue
Bridgeview IL 60455-1598

Bryan Colangelo
43 Lowther Avenue
Toronto M5R 1C5
ONTARIO

Chicago Diversified Foods
400 E. 22nd Street
Suite E
Lombard IL 60148-6104

City of Chicago - Dept of Buildings
121 N. LaSalle Street
Chicago IL 60602-1202

City of Chicago - Dept of Revenue
121 N. LaSalle Street
Chicago IL 60602-1288

City of Chicago - Dept of Water Mgmt
121 N. LaSalle Street
Chicago IL 60602-1202

Complete Pump Service Co., Inc.
461 S. Irmien Drive
Addison IL 60101-4313

Dan Derose
504 North Grand Avenue
Pueblo CO 81003-3113

David E. Zajicek, Esq.
Hinshaw & Culbertson LLP
4343 Commerce Court, Ste 415
Lisle IL 60532-3655

David Eaton
2400 E. Arizona Biltmore Circle
Bldg 2, Suite 1270
Phoenix AZ 85016-2107

Delwalk LLC
1440 Arrowhead Drive
Maumee OH 43537-4016

Diana Lynch
3800 E. Lincoln Drive
Phoenix AZ 85018-1016

Dominic Pugliani
2020 W. Ogden Avenue
Downers Grove IL 60515-2620

Douglas A. Cifu
121 Lawrence Drive
Short Hills NJ 07078-3123

Dr. Michael A. Derose
183 E. Greenway Avenue
Pueblo West CO 81007-2088

(p)INTERNAL REVENUE SERVICE
CENTRALIZED INSOLVENCY OPERATIONS
PO BOX 21126
PHILADELPHIA PA 19114-0326

JAZ Investments, LLC
2400 E. Arizona Biltmore Circle
Bldg 2, Suite 1270
Phoenix AZ 85016-2107

Jack P. Cerone
770 Lee Street
Suite 201
Des Plaines IL 60016-6467

James L. Ferraro
4000 Ponce de Leon Boulevard
Suite 700
Coral Gables FL 33146-1434

Jerry and Joan Colangelo
2400 E. Arizona Biltmore Circle
Bldg 2, Suite 1270
Phoenix AZ 85016-2107

Joanne Minieri
359 W. 11th Street
New York NY 10014-2397

John D. Marks
8770 Bryn Mawr
8th Floor
Chicago IL 60631-3515

John M. Lee
900 Thorndale Avenue
Elk Grove Village IL 60007-6759

John M. Viola
12 E. 69th Street
New York NY 10021-4923

Joseph A. Gambino, Sr.
9901 W. Papago Freeway
Avondale AZ 85323-5307

Joseph H. Moglia
1302 N. 138th Street
Omaha NE 68154-5102

Joseph Marconi
33 W. Monroe Street
Suite 2700
Chicago IL 60603-5404

Joseph P. Martori, II
2111 E. Highland Avenue
Suite 200
Phoenix AZ 85016-4733

Lancelot Lending, LLC
6991 E. Camelback Road
Suite B310
Scottsdale AZ 85251-2493

Larry A. Zavakil
PO Box 196
Glenwood MN 56334-0196

Les Trilla
2959 West 47th Street
Chicago IL 60632-1949

Lindsey Family Ltd Partnership
16616 Villa Lenda de Avila
Tampa FL 33613-5200

Louis D. Carleo
503 North Main
Suite 5
Pueblo CO 81003-3130

Marcos Reilly, Esq.
Hinshaw & Culbertson LLP
222 N. LaSalle St., Suite 300
Chicago IL 60601-1081

Mel Shultz
2400 E. Arizona Biltmore Circle
Bldg 2, Suite 1270
Phoenix AZ 85016-2107

Michael T. Viola
12 E. 69th Street
New York NY 10021-4923

Michael Zampardi
45th W. 60th Street
Apt. 5A
New York NY 10023

Michael and Laurel D'Antoni Rev Trust
9 Hunter Lane
Rye NY 10580-1614

Mike Hallmark
617 Resolano Drive
Pacific Palisades CA 90272-3033

O'Malley and Associates
1901 Butterfield Road
Suite 500
Downers Grove IL 60515-7921

Patrick Martucci
8 Serenite Lane
Syosset NY 11791-2327

Peoples Gas
130 E. Randolph Drive
Chicago IL 60601-6302

Preferred Mechanical Heating & Cooling
67 N. 2nd Avenue
Beech Grove IN 46107-1303

R&S Electric
6504 Chester Avenue
Hodgkins IL 60525-7609

Redstone Financial
PO Box 230400
Las Vegas NV 89105-0400

Richard J. Gherardi
11 Bonac Woods Lane
East Hampton NY 11937-1883

Richard Parillo
3909 N.E. 163rd Street
North Miami Beach FL 33160-4126

SEC - Los Angeles Regional Office
Rosalind Tyson, Regional Director
5670 Wilshire Boulevard, 11th Floor
Los Angeles CA 90036-5627

Scopelitis Garvin Light Hanson & Feary
30 W. Monroe Street
Suite 600
Chicago IL 60603-2427

Strategic Property Management
2310 N. Sheffield Avenue
Chicago IL 60614-3220

Travis Viola
12 E. 69th Street
New York NY 10021-4923

Twin Enterprises Inc
19 Yawkey Way
Boston MA 02215-3408

U.S. TRUSTEE
OFFICE OF THE U.S. TRUSTEE
230 NORTH FIRST AVENUE
SUITE 204
PHOENIX, AZ 85003-1725

Urban Elevator Service
4830 W. 16th Street
Cicero IL 60804-1530

Valley Fire Protection Services
101 N. Raddant Road
Batavia IL 60510-2203

Vincent Viola
12 E. 69th Street
New York NY 10021-4923

West End Financial Advisors
70 E. 55th Street
17th Floor
New York NY 10022-3329